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UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA

In re: U.S.A. DAWGS, INC., Debtor.	Case No.: BK-S-18-10453-LED Chapter 11 Date: April 2, 2018 Time: 10:00 a.m.
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**DECLARATION OF ERVIN M. TERWILLIGER IN SUPPORT
OPPOSITION TO MOTION TO DISMISS OR APPOINT A TRUSTEE FOR BAD
FAITH OR, IN THE ALTERNATIVE, MOTION FOR RELIEF FROM THE
AUTOMATIC STAY OR FOR ABSTENTION**

I, Ervin M. Terwilliger, under penalty of perjury under the laws of the United States, hereby declare as follows:

1. I am over the age of 18 and am mentally competent. I am the Managing Partner at Three Twenty-One Capital Partners, LLC ("3-21"). In my capacity as such, I am familiar with 3-21's daily business and operations. Except as otherwise indicated, all of the facts set forth in this Declaration are based upon my personal knowledge of 3-21's business and operations, information learned from my review of relevant documents, and information supplied to me by other members of 3-21's management and employees and Debtor's business and legal advisors. If called upon to testify as to the content of this Declaration, I could and would do so.

2. I make this Declaration in support of the *Opposition to Motion to Dismiss or Appoint a Trustee for Bad Faith or, in the Alternative, Motion for Relief from the Automatic Stay*

1 *or for Abstention* (the “Opposition”)¹ filed herewith.

2 3. 3-21 is private investment bank and advisory firm specializing in bankruptcy
3 proceedings, entirety sales, strategic mergers, equity investments, joint ventures, debt and equity
4 recapitalizations, purchase of chattels and real property, sale of assets, and restructuring
5 engagements.

6 4. 3-21’s members have extensive experience in advising over 500 companies and
7 has substantial experience in restructuring processes, including bankruptcy, assignment for the
8 benefit of creditors, Article 9 foreclosures and bulk sales.

9 5. 3-21 also has substantial experience in locating acquirers, investors, sources of
10 debt capital, and joint venture partners for distressed or “storied” businesses.

11 6. Debtor has engaged 3-21 to provide investment banking services, including
12 effectuating a going concern sale or recapitalization of Debtor’s e-commerce business (a
13 “Transaction”), thereby maximizing the value of Debtor’s business and generating the funding to
14 allow Debtor to reorganize and repay its creditors.

15 7. After being engaged, 3-21 spent significant time meeting with Debtor’s
16 management and reviewing Debtor’s financial and operational information in order to
17 understand its business, value, and financial condition, including analyzing

- 18 • Debtor’s profit and loss statements for the last 5 years, including examining Debtor’s
19 gross revenue, net revenue, gross profit, sale and marketing expenses, EBITDA, and
20 the breakdown in revenue by e-commerce and other sales;
- 21 • Annual balance sheets;
- 22 • E-commerce key performance indicators (“KPI’s”), including Organic vs. Paid
23 Traffic, visits to the website, pageviews, bounce rate, time on site, new visitors,
24 returning visitors, pages/session, conversion rate, page load time, demographics, site
25 sales, average order value (AOV), transactions, units sold, returning purchasers, new
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27
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¹ All capitalized terms not defined herein are as defined in the Opposition.

customers, sales by product, email revenue, advertising spend by channel, and a host of additional KPI's;

- Demographic information regarding Debtor's typical end consumer, including gender, age, and annual household income;
- Financial projections through 2023;
- Precedent and public transactions for other e-commerce businesses; and
- Documents publicly available via pacer.

8. Thereafter, 3-21 developed a marketing strategy that it deployed on March 5, 2018, which included the circulation of the marketing teaser attached hereto as **Exhibit 1** as follows:

Financial Buyers/Investors – This group includes 3-21's network of private equity firms and private investors actively looking to make acquisitions/investments as well as highly targeted financial buyers interested in the footwear and apparel and e-commerce retail industry.

Network of PE Firms & Private Investors Emails sent: 2,974

Targeted Financial Buyers Emails Sent: 297

Introductory Calls Made: 80*²

Total Touches: 3,351

Strategic Targets - This group includes targeted strategic prospects in e-commerce footwear and apparel retail industry, both client provided and 3-21 provided.

Strategic Emails sent: 209*

Introductory Calls Made: *292

Total Touches: 501

9. 3-21 also commenced on-line marketing on 3-21's website, linked-in, axial, and dealnexus.

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² The "*" means that the number only includes the initial calls that are made and does not include the subsequent follow-up calls or further due diligence.

